

## Message Text

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12

ACTION EA-09

INFO OCT-01 EUR-12 IO-11 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PRS-01 PA-01 H-02 L-03 /107 W

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R 140050Z JAN 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 7263

INFO USDEL OECD PARIS

USDEL MTN GENEVA

USMISSION GATT GENEVA UNN

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

AMCONSUL BRISBANE BY POUCH

AMCONSUL PERTH BY POUCH

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E.O. 11652: N/A

TAGS: ETRD, EINV, AS

SUBJECT: PRIME MINISTER COMMENTS ON INDUSTRY PROTECTION,  
FOREIGN INVESTMENT

1. AUSTRALIAN PRESS JANUARY 14 CARRIES REPORTS OF UPI

INTERVIEW WITH PRIME MINISTER FRASER IN WHICH HE COMMENTS ON  
AUSTRALIAN INDUSTRY NEED FOR PROTECTION AND HIS GOVERNMENT'S  
OBJECTIVES WITH RESPECT TO REGULATION OF FOREIGN INVESTMENT.

2. ACCORDING TO PRESS, PM WAS "CHALLENGED" DURING INTERVIEW  
TO EFFECT THAT PROTECTIONIST POLICIES WOULD BE IN CONFLICT  
WITH PRINCIPLES OF PRIVATE ENTERPRISE. HE IS REPORTED TO  
HAVE RESPONDED THAT SMALL SCALE OF AUSTRALIAN INTERNAL  
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MARKET REQUIRED PROTECTIONIST MEASURES AND WAS DIRECTLY

QUOTED AS FOLLOWS:

A. "IF THE AUSTRALIAN PEOPLE ARE TO BE FULLY AND PROPERLY EMPLOYED WE ARE GOING TO NEED FOR QUITE A LONG WHILE IN THE FUTURE A SIGNIFICANT DEGREE OF PROTECTION FOR AUSTRALIAN INDUSTRIES.

B. "THE NEED FOR THIS HAS BECOME ALL THE GREATER BECAUSE OF THE DISLOCATION OVER THE PAST THREE YEARS AND THE RATE OF INFLATION OVER AND ABOVE MANY OF OUR MAJOR TRADE PARTNERS".

3. AS TO FOREIGN INVESTMENT FRASER ESSENTIALLY REPEATED REMARKS RECENTLY MADE TO VISITING US CODEL (CANBERRA 0199) TO THE EFFECT THAT WHILE GOVERNMENT'S OBJECTIVE WAS TO ACHIEVE 50 PERCENT EQUITY IN MAJOR NEW DEVELOPMENTS, THERE WILL BE SITUATIONS IN WHICH SUCH A GOAL MAY NOT BE ATTAINABLE. GUIDELINES COULD BE OVERRIDDEN WHEN DEVELOPMENT CLEARLY CONTRIBUTES TO WEALTH OF AUSTRALIA AND OVERSEAS INVESTORS UNABLE TO FIND CONTRIBUTING AUSTRALIAN CAPITAL. HE IS ALSO REPORTED TO HAVE SAID THAT THERE WOULD BE CASES WHERE GETTING DEVELOPMENT OF AUSTRALIAN RESOURCES STARTED WOULD BE IN NATIONAL INTEREST EVEN THOUGH LARGE PART OF RESOURCES IN QUESTION COULD BE EXPORTED.

4. COMMENT: AUSTRALIAN BUREAUCRACY IS APPARENTLY WORKING FULL TILT TO PREPARE POLICY STATEMENTS ON THESE AND OTHER ECONOMIC POLICY QUESTIONS FOR USE BY MINISTERS IN EARLY DAYS OF NEW PARLIAMENT OPENING FEBRUARY 17. WE HAVE ALREADY REPORTED PROBABILITY OF SUCH STATEMENT CONCERNING FOREIGN INVESTMENT (CANBERRA 0134). WE HAVE BEEN TOLD THAT SUCH A STATEMENT ON IMPORT RESTRICTIONS IS ALSO UNDER STUDY AND, LIKE ONE ON FOREIGN INVESTMENT, WAS ONCE SCHEDULED FOR RELEASE IN EARLY JANUARY. IT NOW APPEARS, HOWEVER, THAT IT WILL NOT BE MADE PUBLIC PRIOR TO PARLIAMENT'S OPENING. EMBOFF HAS LUNCHEON APPOINTMENT WITH DIRECTOR, JAPAN AND NORTH AMERICA SECTION, DEPARTMENT OF OVERSEAS TRADE JANUARY 15 AT WHICH WE HOPE SOME INSIGHTS AS TO GOA LINE ON TRADE POLICY WILL BE FORTHCOMING. END COMMENT.

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